

Major State Aids and Taxes: An Overview of the 2004 Update

This provides a brief overview of the report *Major State Aids and Taxes: A Comparative Analysis, 2004 Update*, highlighting major aids provided to the local governments and people in Minnesota and lists the major taxes collected. The per capita amounts were calculated using 2004 population. Some aids are presented on a different basis in other settings (e.g., per pupil for education aid); however, in the report they are presented on a per capita basis to allow comparison of different aids.

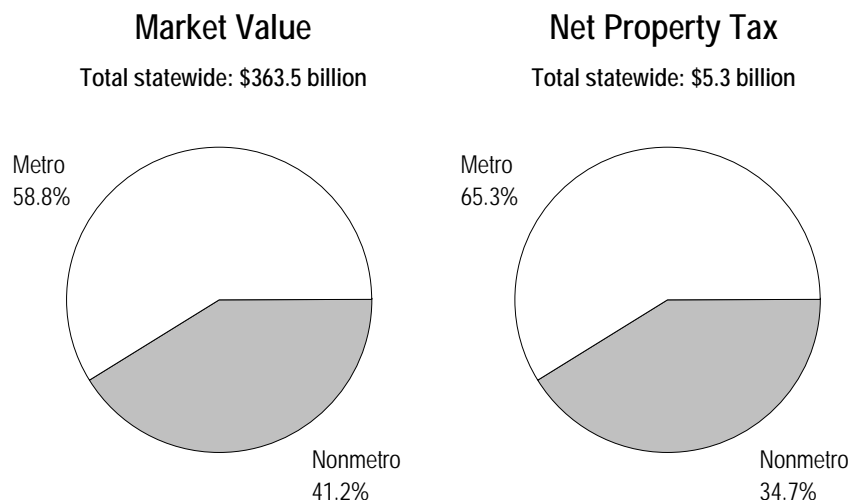
STATE AIDS

Program	Year	Amount (millions)	Per Capita
Education aid <i>Aid paid to school districts for all K-12 educational expenses</i>	2003/2004 (school year)	\$6,102.4 State \$3,310.1 Metro \$2,792.3 Nonmetro	\$1,186 State \$1,195 Metro \$1,176 Nonmetro
Human services aid <i>State's share of human services aid for various income and medical assistance programs</i>	2004	\$3,439.8 State \$1,825.7 Metro \$1,614.1 Nonmetro	\$669 State \$659 Metro \$680 Nonmetro
Highway aid <i>Distributed to counties, cities with more than 5,000 people, and towns</i>	2004	\$510.4 State \$146.6 Metro \$363.8 Nonmetro	\$99 State \$53 Metro \$153 Nonmetro
Local government aid <i>Provides property tax relief by providing general purpose financial support to cities</i>	2004	\$437.5 State \$160.9 Metro \$276.6 Nonmetro	\$85 State \$58 Metro \$117 Nonmetro
Disparity reduction aid <i>Provides aid to jurisdictions (counties, towns, and school districts) that had inordinately high tax rates in 1998</i>	2004	\$18.9 State \$1.4 Metro \$17.6 Nonmetro	\$4 State – Metro \$7 Nonmetro
County program aid <i>Includes former county general purpose aids: homestead and agricultural credit, county criminal justice aid, family preservation aid, and attached machinery aid</i>	2004	\$111.6 State \$39.3 Metro \$72.4 Nonmetro	\$22 State \$14 Metro \$30 Nonmetro
Community corrections funding <i>Aid that provides a portion of counties' costs for community correctional services</i>	2004	\$72.8 State \$38.3 Metro \$34.5 Nonmetro	\$14 State \$14 Metro \$15 Nonmetro
Property tax refund (excludes targeting) <i>Partly reimburses homeowners and renters for a portion of property taxes if their taxes exceed a level of income</i>	2003 (filed in 2004)	\$275.9 State \$189.6 Metro \$86.3 Nonmetro	\$53 State \$68 Metro \$36 Nonmetro
Targeting <i>Additional property tax refund for homeowners whose property taxes increased over a certain percentage threshold from the previous year</i>	2004	\$3.7 State \$2.5 Metro \$1.2 Nonmetro	\$1 State \$1 Metro \$1 Nonmetro

MAJOR TAXES

	Year	Amount	Per capita
Individual income tax <i>Imposed on income of state residents and income derived from state sources of nonresidents</i>	2003 (filed in 2004)	\$5,312.7 Total \$5,122.3 Residents \$3,480.7 Metro \$1,641.6 Nonmetro	\$996 State \$1,256 Metro \$691 Nonmetro
Sales and use tax <i>Imposed on gross receipts of people who sell, lease, or rent tangible personal property at retail at a rate of 6.5 percent (does not include local sales taxes)</i>	2004	\$4,122.6 (After refunds) \$3,542.8 Residents \$2,288.3 Metro \$1,254.5 Nonmetro	\$689 State \$826 Metro \$528 Nonmetro
Motor vehicle sales tax <i>Imposed on new and used motor vehicles at the time of sale at the same rate of state sales tax</i>	2004	\$538.8 State \$282.1 Metro \$256.7 Nonmetro	\$105 State \$102 Metro \$108 Nonmetro
Motor vehicle license tax <i>Imposed annually on vehicles licensed in the state</i>	2004	\$504.9 State \$273.4 Metro \$231.5 Nonmetro	\$98 State \$99 Metro \$98 Nonmetro
Motor vehicle fuels tax <i>Imposed on gasoline, diesel fuel, and other motor fuels used by vehicles and on aviation fuels</i>	2004	\$643.8 State \$301.4 Metro \$342.5 Nonmetro	\$125 State \$109 Metro \$144 Nonmetro
Corporate franchise (income) tax <i>Imposed at a rate of 9.8 percent on the net income of corporations</i>	2003	\$545.7 State \$395.4 Metro \$150.4 Nonmetro	\$106 State \$143 Metro \$63 Nonmetro
State property tax <i>Imposed on commercial/industrial/public utility property and seasonal recreational property</i>	2004	\$621.1 State \$416.0 Metro \$205.2 Nonmetro	\$121 State \$150 Metro \$86 Nonmetro

PROPERTY TAX DATA



For more information: Contact legislative analysts Karen Baker at 651-296-8959 or Nina Manzi at 651-296-5204. See [Major State Aids and Taxes: Comparative Analysis, 2004 Update](#) (March 2006) for further details about each aid program and tax and data by county and economic development region. The Research Department of the Minnesota House of Representatives is a nonpartisan office providing legislative, legal, and information services to the entire House.